

## Message Text

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C O N F I D E N T I A L USNATO 5329

E.O. 11652: GDS, 22/31/79

TAGS: ENRG, PFOR, NATO

SUBJECT: NATO CONSULTATIONS ON OIL CRISIS AND THE ALLIANCE

REF: A) USNATO 5113; B) USNATO 5253; C) STATE 217091

SUMMARY: ECONOMIC COMMITTEE MET NOVEMBER 5 ON TERMS OF REFERENCE FOR POSSIBLE REPORT TO THE COUNCIL ON THE WORLD OIL CRISIS AND THE ALLIANCE. CANADA AND NETHERLANDS, WITH CONSIDERABLE SUPPORT FROM OTHER ECONADS, WANTED TERMS OF REFERENCE THAT WOULD PROVIDE COUNCIL WITH RAPIDLY DONE, BRIEF, ANALYTICAL REPORT CONCERNING ON ALLIED INTERDEPENDENCE, SOLIDARITY, AND MILITARY CAPABILITY. U.S. PER INSTRUCTIONS DID NOT ENTER INTO DISCUSSION ON TERMS OF REFERENCE AND ANNOUNCED U.S. OPPOSITION TO AN ECONADS' OIL REPORT TO COUNCIL. U.K. DID NOT WANT NATO CONSULTATIONS ON OIL CRISIS BECAUSE DIFFERENCES APPEAR, WHICH WOULD NOT BE GOOD FOR ALLIANCE. ECONOMIC DIRECTORATE WILL NOW, PER ITS INSTRUCTIONS FROM THE NAC, TRANSMIT REVISED DRAFT TERMS OF REFERENCE TO THE NAC, PROBABLY FOR NOVEMBER 14 MEETING. END SUMMARY.

1. ECONOMIC COMMITTEE MET NOVEMBER 5 TO DEVELOP TERMS OF REFERENCE FOR A POSSIBLE REPORT TO THE COUNCIL ON THE WOULD OIL CRISIS AND THE ALLIANCE, AS INSTRUCTED BY THE COUNCIL (REFTEL A). COMMITTEE CONSIDERED THE DRAFT TERMS OF REFERENCE TRANSMITTED CONFIDENTIAL

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BY REFTEL B.

2. CANADA PROPOSED REVISION OF TERMS OF REFERENCE TO LIMIT PROPOSED ECONAD REPORT TO EFFECTS OF OIL CRISIS ON ALLIANCE

SOLIDARITY, INTERDEPENDENCE, AND MILITARY CAPABILITY. REPORT SHOULD CONCENTRATE ON SHORT TERM, AVOID USE OF EXPERTS FROM CAPITALS, AVOID DISCUSSION OF COUNTERMEASURES AT THIS TIME.

3. TURKEY SUPPORTED CANADIAN POSITION, PARTICULARLY ON NEED TO AVOID DISCUSSION OF COUNTERMEASURES. TURKEY FELT THAT SUCH DISCUSSIONS AT THIS TIME WOULD BE COUNTERPRODUCTIVE AND THAT ALLIES CANNOT KNOW WHERE COUNTERMEASURES WOULD LEAD THEM.

4. NETHERLANDS REP STRESSED NEED FOR TERMS OF REFERENCE THAT WOULD PROVIDE COUNCIL WITH RAPIDLY DONE, BRIEF, ANALYTICAL REPORT. HE GENERALLY AGREED WITH CANADIAN POSITION, ALTHOUGH HE WANTED SOME INDICATION IN THE REPORT ON THE ECONOMIC AND FINANCIAL EFFECTS OF OIL CRISIS ON ARAB COUNTRIES, AS WELL AS SOMETHING ON NON-ENERGY ASPECTS OF ARABS' ECONOMIC ARM. HE TOO OPPOSED INCLUSION OF COUNTERMEASURES.

5. BELGIAN SUPPORTED CANADIAN-DUTCH POSITIONS, ACKNOWLEDGED THE DIFFICULTY OF DISCUSSING COUNTERMEASURES, BUT WANTED SOMETHING IN THE TERMS OF REFERENCE ABOUT ARAB ECONOMIC VULNERABILITY. ITALIAN REP MADE QUALIFIED REMARKS WHICH APPEARED TO SUPPORT CANADIAN AND DUTCH POSITIONS. GERMANY, FRANCE, DENMARK AND NORWAY REPS SAID THEY DID NOT HAVE INSTRUCTIONS, BUT ON PERSONAL BASIS THEY SUPPORTED CANADIAN AND DUTCH POSITIONS.

6. U.S. PER REFTEL C DID NOT ENTER INTO DISCUSSION ON TERMS OF REFERENCE, AND ANNOUNCED U.S. OPPOSITION TO AN ECONADS' OIL REPORT TO THE COUNCIL. U.K. REP ALSO DID NOT PARTICIPATE IN DISCUSSION, AND STATED U.K. DID NOT WANT NATO CONSULTATIONS ON OIL CRISIS BECAUSE DIFFERENCES WOULD APPEAR AND THIS WOULD NOT BE GOOD FOR THE ALLIANCE.

7. ECONOMIC DIRECTORATE WILL TRANSMIT TO THE COUNCIL, PER ITS INSTRUCTIONS, DRAFT TERMS OF REFERENCE MODIFIED ALONG LINES SUGGESTED BY THOSE COUNTRIES WHICH OFFERED REVISIONS. MISSION SHALL TRANSMIT REVISED TERMS OF REFERENCE WHEN AVAILABLE. TERMS OF REFERENCE WILL PROBABLY GO ON AGENDA FOR NAC MEETING  
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NOVEMBER 14.  
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<< END OF DOCUMENT >>

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